

ONE HUNDRED THIRD LEGISLATURE - SECOND SESSION - 2014
COMMITTEE STATEMENT
LB1042

Hearing Date: Wednesday February 12, 2014
Committee On: Nebraska Retirement Systems
Introducer: Nordquist
One Liner: Provide for repayments by school employees rejoining a retirement system

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Conrad, Davis, Karpisek, Kolowski, Mello, Nordquist
Nay:
Absent:
Present Not Voting:

Proponents:
Senator Jeremy Nordquist
Mike Dulaney
Jason Hayes
Phyllis Chambers

Representing:
Introducer
Nebraska Council of School Administrators
Nebraska State Education Association
Public Employees Retirement Board

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Service credits are relinquished when a member terminates employment and withdraws all accumulated employee contributions. If the person again becomes a school employee, he or she has the option to buyback the refunded amount plus interest or the assumed rate, whichever is applicable. Under LB 1042, members who have rejoined the system prior to an unspecified date who file an application for restoration of service prior to an unspecified date will be charged the current lower cost. Current members who elect to repurchase relinquished creditable service after an unspecified date and members who rejoin the system after an unspecified date will be charged the actuarial cost to the retirement system rather than the current lower cost. All repurchases of service must be completed within five years or upon termination, whichever is earlier. Members will only be restored to original membership status if they repay the full amount of the withdrawn contributions.

Explanation of amendments:

AM2132 strikes the original bill and incorporates LB 1041 as amended.

LB 1042 as amended

In LB 1042 as amended inserts effective dates into the bill. Current members who rejoined the school system prior to the effective date of the act and file an application for repurchase of creditable service prior to July 1, 2016 will be charged the current lower cost for the service credits. All other members who rejoin the system after the effective date

of the act, and those members who have already rejoined the system, but choose not to file an application prior to July 1, 2016, will be charged the actuarial cost to the retirement system to repurchase relinquished creditable service. Technical amendments are made to several statutes to incorporate the term "relinquished creditable service" which is also defined in the bill. The bill includes the emergency clause.

LB 1041 as amended

New school employees hired on and after July 1, 2014 in both the School Employees Retirement Plan and the Class V School Employees Retirement Plan would be required to work ten years before being eligible to purchase additional service credits - also known as "air time". Employees hired prior to July 1, 2014 are only required to work five years before eligible to purchase "air time".

A liability standard is inserted for the members of the board of education and the trustees when acting in their capacity as administrators of the Class V school retirement system or with respect to approval of fund investments.

It includes a provision that, beginning March 1, 2015 and each March 1 thereafter, a Class V school district will be required to present the most recent actuarial valuation report of the retirement system to the Nebraska Retirement Systems Committee at a public hearing. The amendment adds statutory language that codifies the current practice of the actuary on behalf of the Public Employees Retirement Board, annually presenting the most recent defined benefit and cash balance actuarial valuation reports to the Nebraska Retirement Systems Committee at a public hearing or hearings.

Technical changes and updates to Internal Revenue Code references in the School Employees and Class V School Employees Retirement Acts are also included.

Jeremy Nordquist, Chairperson